

SENATE BILL 647

By Tracy

AN ACT to amend Tennessee Code Annotated, Title 12,
Chapter 4, Part 2, relative to bonding requirements
on public works.

WHEREAS, it is within the public interest of the citizens of Tennessee to ensure that good and solvent bonds are provided by contractors entering into contracts with any city, county or state authority for public works within this state; and

WHEREAS, while Tennessee Code Annotated, § 12-4-201 requires a good and solvent bond to be provided by a contractor entering into a contract for public work with any city, county or state authority within this state, such section currently does not define "good and solvent bond"; and

WHEREAS, it is within the public interest of the citizens of Tennessee to specifically define "good and solvent bonds," and to further provide assurances of compliance with the statutory bonding requirements of this state; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 12-4-201(a), is amended by designating the existing language as subdivision (1) and by adding the following language as new, appropriately designated subdivisions:

(2) A good and solvent bond means a bond written by a surety or insurance company listed on the United States department of the treasury financial management service list of approved bonding companies which is published annually in the federal register at the time the bond is provided in accordance with this part.

(3) No bond shall be deemed to be a good and solvent bond if it is written for an amount which is in excess of the amount indicated as approved for sureties or insurance

companies by the United States department of the treasury financial management service list published at the time the bond is provided.

(4) Any surety bond written for a public work project shall be written by a surety or insurance company that is licensed and authorized to do business as a surety or insurer in this state.

(5) Any bond which is not in accordance with this section shall be null and void as against the public policy of this state and shall be rejected by the building or bidding authority.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.